

STATE SCHOOL AID UPDATE

Michigan Department of Education



July 2006

Vol. 14 No. 10

JULY PAYMENT INFORMATION

The July state school aid payment is the 10th payment of the year and reflects a cumulative 90.90% of the year's allocations for Sections 22a, 51c, and 22b as well as for most categoricals. Prior year adjustments are made at 100% in a single payment.

Taxable value – The July payment was calculated using the most recent taxable value data reported to the Department by county treasurers via the webbased taxable valuation collection process. These data can be viewed by school district personnel on the Department's website. The URL is <http://mdoe.state.mi.us/taxvalue>. To view your data click on "Public Access," and then choose your district code and the applicable tax year from the drop down menu. Any revisions to taxable values received prior to July 1, 2006 were incorporated into the payment calculation.

Pupil Membership – The audited February 2005 and September 2005 pupil counts submitted via the SRSD system have been used in the calculation of the July payment. For PSAs in their first or second year of operation, the February 2006 count data submitted via the SRSD are averaged with the audited September 2005 count.

SID AND REP REPORTING

Section 19(5) of the State School Aid Act requires local districts, intermediate districts and public school academies to submit their Registry of Educational Personnel (REP) data to the Center for Educational Performance and Information (CEPI) by June 30 each year. Section 19(6) of the State School Aid Act requires local districts, intermediate districts and public school academies to submit their School Infrastructure Database (SID) information to CEPI by June 30. Section 19(7) of the State School Aid Act requires the Department to withhold 5% of the total funds for which the local district, intermediate district or public school academy qualifies for under the act for non-compliance with either of these reporting requirements. State aid funds are being withheld from a total of 17 entities that did not comply with either the REP or SID reporting requirement. The withheld amount will appear on the State Aid Financial Status Report as a negative under the section labeled "Current Year Allowances" on a line labeled "REP Deduct" or "SID Deduct." CEPI will reopen the REP and SID databases on July 18, 2006 to allow inputting of the data through July 24, 2006. The withheld funds will be released in the next school aid payment following compliance. Questions regarding the submission of the REP and/or SID data should be directed to the DIT Client Service Center via e-mail at help-Desk@Michigan.gov or phone at (517) 335-0505.

FY 2007 SCHOOL AID

The June State School Aid UPDATE provided a comparison of the Governor's executive recommendation for FY 2007 state school aid to both the FY 2007 Senate version (SB 1095) and FY 2007 House version (HB 5789) of state school aid. A conference agreement was reached on July 12, 2006. The following are some key points in the conference agreement.

- The minimum foundation grant in FY 2007 would be \$7,085, an increase of \$210 above the current FY 2006 minimum foundation grant of \$6,875.
- The conference agreement for FY 2007 would allocate \$20 million in a new Section 29 for districts with **declining enrollment** that are not eligible for the three-year average membership blend under section 6(4)(y) of the State School Aid Act or for funding under Section 22d. To receive Section 29 funding, districts must have a decline in membership from FY 2005 to FY 2006 and a decline in membership from FY 2006 to 2007. The payment would be based on the difference between a three-year average and the actual blended membership.
- The conference agreement allocates \$20 million dollars in a new Section 22c that would provide an **equity payment** of up to \$23 per pupil to districts with FY 2007 foundation grants below \$7,360. The equity payment would be calculated as the lesser of \$23 or the difference between \$7,360 and the districts FY 2007 foundation grant.
- Under the conference agreement, **At-Risk pupil funding** (Section 31a) would increase by \$5.25 million to \$319.45 million to cover the state share of **health and vision screenings** (\$5.15 million) and to allocate \$100 thousand for the Mercy Education Project. The conference agreement increases the **Michigan School Readiness** funding (Section 32d) by \$6 million to \$78.8 million for FY 2007. The per child amount would remain at \$3,300.

- The conference agreement includes a new Section 99c, **Engineering Michigan's Future**, that would provide \$20 million to local districts for pupils in grades 6, 7, and 8 for a **middle school math initiative**. The estimated per pupil amount of this funding is \$54. The middle school math funds to intermediate school districts funded under Section 99b in FY 2006 would not be funded in FY 2007.
- **Intermediate school district general operations funding** under Section 81 increases by 3.1% to \$80.1 million under the conference agreement.
- **Adult education funding** under Section 107 would increase by \$3 million to \$24 million. \$1.5 million of the additional funding is to increase current programs. The other \$1.5 million of additional funding is for new programs including at least one but no more than three grants of \$200,000 each for innovative community college grants.

The conference agreement will have to pass both the full House and full Senate and be signed by the Governor to be enacted. The summary provided above should not be considered a complete description of the content of the conference agreement. Additional information and details on the conference proposal can be found at <http://www.senate.michigan.gov/sfa/departments/k12schoolaid.html>. Included at that website is a document that shows the conference estimate by school district for the equity payment funds, the declining enrollment funds and the middle school math initiative funds described above.

POSTING OF BUDGETS TO A WEBSITE

Language in Section 18(2) of the conference agreement requires local districts, intermediate districts and public school academies to post their annual operating budget and subsequent amendments on their website. Since this section of the act will not take effect until October 1, 2006, the original FY 2007 budget will not require posting to the website. However, the Department encourages schools to post their budgets to their website as soon as possible. In addition, any amendments to the FY 2007 budget approved by the board after October 1, 2006 will require posting to the website. The budget postings should include the General Appropriation Resolution for all funds for which the board adopts a budget. The Department is pursuing the option of having a place on its website to display budgets for schools that do not currently have their own website. Further information on that will follow. Contact Glenda Rader, Office of State Aid and School Finance, at (517) 335-4059 or by e-mail at RaderG@Michigan.gov.

INDIRECT COST RATES

Adjustment to local and intermediate school district Indirect Cost Rates were due to the Department by June 1, 2006. These adjustments have been processed, and final rates are available on the Department's website at http://www.michigan.gov/documents/indirect3_final_165134_7.pdf. If you have questions contact Phil Boone, Office of State Aid and School Finance, at (517) 335-4059 or by e-mail at BooneP2@Michigan.gov.

SECTION 31A AT-RISK PROGRAM REPORTS WERE DUE JULY 15, 2006

Local districts and public school academies receiving FY 2006 funds under Section 31a At-Risk were required to submit the FY 2006 Section 31a Program Report to the Department by July 15, 2006. The report form is available in the Michigan Electronic Grants System (MEGS) at <http://megs.mde.state.mi.us/megs/>. If the report is not submitted by July 15, an amount equal to the district's Section 31a August installment will be withheld from the August state aid payment. These funds will be forfeited if the report is not received by September 30, 2006. Contact Judy Thelen, Office of School Improvement, Field Services Unit, at (517) 335-1266 or e-mail: ThelenJA@Michigan.gov.

GENERAL INFORMATION

- Reminder regarding form **DS-4168**, Report of Days and Clock Hours: Districts should forward this form for the school year 2005-2006 to their respective ISD by July 18, 2006. The ISD is to forward a copy to the Department by August 1.
- Proration factors: Section 31a – At Risk funding per pupil reduction is \$173.5045788262

Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or **Dan Hanrahan**, Director, State Aid and School Finance, MDE, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov.
